

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: February 12, 2002

AGENDA ITEM NO.: 9

CONSENT:

REGULAR: X

CLOSED SESSION:

(Confidential)

ACTION: X

INFORMATION:

ITEM TITLE: Public hearing regarding an agreement with Britannia Aviation to lease the aircraft maintenance hangar facility at Lynchburg Regional Airport

RECOMMENDATION:

To approve a five (5) year lease agreement with Britannia Aviation Services, Inc. to operate the aircraft maintenance hangar facility (AP 212, Hangars #7 and #8) at Lynchburg Regional Airport.

SUMMARY:

Please see the attached proposed lease agreement between the City and Britannia Aviation Services, Inc.

As a show of good faith, Britannia Aviation has agreed to place a security deposit equal to six-months rent with the City for the first year of operation. In addition, since Britannia cannot obtain the needed Federal Aviation Administration (FAA) Repair Station Certificate until an adequate facility is secured, the proposed lease terms also stipulate that Britannia obtain the required certification no later than six (6) months from the date of execution of the agreement. Failure to meet this requirement may result in the immediate termination of their lease, and forfeiture of the above referenced security deposit.

PRIOR ACTION(S):

February 1, 2002: Lynchburg Regional Airport Commission Review

BUDGET IMPACT:

Britannia Aviation hopes to begin operating from the facility March 1, 2002. If approved, the new facility will generate a net increase in airport revenues of \$33,200 per year, before any net profit proceeds.

CONTACT(S):

Mark F. Courtney 582-1150/222

ATTACHMENT(S):

- Resolution
- February 6, 2002, Memorandum
- Draft Lease Agreement

REVIEWED BY:

RESOLUTION

BE IT RESOLVED That the Lynchburg City Council hereby approves the March 1, 2002 lease agreement between the City and Britannia Aviation Services, Inc. to operate the aircraft maintenance facility (AP212 Hangars #7 and #8) for approved aeronautical services at Lynchburg Regional Airport; and

BE IT FURTHER RESOLVED That the City Manager is authorized to sign the lease agreement on behalf of the City.

Adopted:

Certified:

Clerk of Council

020P



MEMORANDUM

TO: Honorable City Council

FROM: Mark F. Courtney, Airport Manager

DATE: February 6, 2002

RE: Draft Lease Agreement with Britannia Aviation Services, Inc.

The City of Lynchburg owns an aircraft maintenance/storage hangar facility located on the west side of the airfield at Lynchburg Regional Airport in an area containing three other corporate-style hangars, the airport's airfield maintenance facility and fuel farm. The leasehold includes two large hangars, one with 12,240 square feet (#7) and another with 15,800 square feet (#8), and separated by a two-story office and maintenance shop complex of approximately 15,134 square feet.

The existing lease on Hangar #8 is held by the current Fixed Base Operator (FBO), but expired several years ago and reverted to a month-to-month agreement. Hangar #7 was also leased to the FBO sporadically on a month-to-month basis during that time, and since August 2000 has been leased on a continuous month-to-month basis.

In anticipation of attracting a long-term tenant, the facility underwent considerable repair and refurbishment over the last two years. Subsequently, on November 8, 2001 the City solicited bids through a public Invitation for Bid process for the lease of this facility for a term of five (5) years. A pre-bid conference was held on November 27, 2001, followed by a bid deadline date of December 4, 2001. A total of two bids were received, with Britannia Aviation Services submitting the highest bid of \$80,000 per year, plus 3 percent of net profits in excess of \$500,000 to be capped at \$30,000 per annum. Britannia Aviation proposed to initially provide aircraft repair services for airline aircraft, larger general aviation aircraft and hangar storage. The airport currently does not offer airline maintenance and repair services of the type proposed.

As a show of good faith, Britannia Aviation has agreed to place a security deposit equal to six-months rent with the City for the first year of operation. In addition, since Britannia cannot obtain the needed Federal Aviation Administration (FAA) Repair Station Certificate until an adequate facility is secured, the proposed lease terms also stipulate that Britannia obtain the required certification no later than six (6) months from the date of execution of the agreement. Failure to meet this requirement may result in the immediate termination of their lease, and forfeiture of the above referenced security deposit.